

Current Update

April 2020



Market Commentary

After the severe market losses in March, markets rebounded strongly in April. The coronavirus COVID-19 continued to spread globally, but some countries saw daily new infection rates start to fall and are now planning to gradually reopen their economies. Governments and central banks introduced very significant stimulus measures to reduce the damage caused by the economic shutdown, restoring some positive sentiment to markets.

Volatility declined from extreme levels. Enhancers gained everywhere with Developed market equities outperformed emerging markets and growth stocks outperformed value. The S&P 500 Index outperformed and MSCI Asia ex-Japan and emerging markets followed, thanks to the first signs of economic recovery in Asia. Technology stocks recorded solid returns, but overall analysts revised down 2020 earnings estimates, which are now expected to decline by over 15% in the US and Europe. Dividends may also suffer cuts as companies prioritise balance sheet protection over profit distribution

In the UK the purchasing manager surveys for April followed a similar trajectory to the US and Europe, with the composite business survey falling to 12.9, the lowest on record. Retail sales in March fell by 5.1% month on month despite elevated grocery shopping and online deliverers increasing. The FTSE All-Share index underperformed most other equity markets in April due to the exposure to the energy sector and closed with a return of 4.9% over the month.

Generally fixed income rallied, supported by the massive amount of monetary accommodation introduced globally, but the Enhancer credit asset class outperformed government bonds and most Anchors.

Within Diversifiers Gold rallied but the oil price remained volatile despite the agreement on production cuts. West Texas Intermediate (WTI) oil futures for imminent delivery went negative as weak demand and difficulties in managing US oil storage meant traders were briefly paid to take physical delivery of oil.

Despite April's market rebound, considerable uncertainty remains over the trajectory of global growth over the coming quarters. A lot will depend on the extent to which economies can successfully reopen.

10 Key Events to Watch:

UK		Previous	Forecast
Wednesday, May 10, 2020	GDP (YoY) (Q1)	1.1%	0.8%
Wednesday, May 10, 2020	Manufacturing Production (MoM) (Mar)	0.5%	-
Tuesday, May 19, 2020	Unemployment Rate (Mar)	3.9%	4.0%
Tuesday, May 19, 2020	Claimant Count Change (Apr)	12.1K	172.5K
Wednesday, May 20, 2020	CPI (YoY) (Apr)	1.5%	1.5%
GLOBAL			
Thursday, May 14, 2020	China Industrial Production (YoY) (Apr)	-1.1%	-
Friday, May 15, 2020	Germany GDP (QoQ) (Q1)	0.2%	0.1%
Friday, May 15, 2020	Euro GDP ((QoQ) (Q1)	-3.8%	0.1%
Sunday, May 17, 2020	Japan GDP (QoQ) (Q1)	-1.8%	-0.9%
Wednesday, May 20, 2020	Euro CPI (YoY) (Apr)	0.4%	0.7%

Key Recent Announcements

US ISM MANUFACTURING PMI (Mar):

Survey results shows down trend to 49.1 in Mar 2020 from 50.1 as compared to previous month, against market expectations of 45.0.

UK MANUFACTURING PMI (Mar):

Manufacturing PMI stood at 47.8 as compared to 51.7 from the previous month.

UK INFLATION RATE YoY (MAR):-

The rate of inflation across the UK stood at 1.5 percent in Mar 2020, compared to 1.7 percent the previous market expectations of 1.5 percent.

US GDP (QOQ) (Q1):

The US GDP stood at -4.8 percent in Q1 as compared to 4.8 percent from the previous quarter.

UK	30-Apr-20	31-Dec-19
FTSE 100	5,901	7,542
FTSE 100 % Change	-21.76%	12.10%
BoE Interest Rate	0.10%	0.75%
CPI	1.50%	1.50%
Govt, 10YR Yield	0.25%	0.83%
FTSE 350	3,302	4,249

Currency	30-Apr-20	31-Dec-19
GBP/USD	1.25	1.32
GBP/EURO	1.13	1.18

Commodity (\$)	30-Apr-20	31-Dec-19
Gold	1,690	1,518
Silver	14.97	18.00
Brent Crude Oil	25.27	66.03

Govt 10YR Bond	30-Apr-20	31-Dec-19
US	0.65	1.92
Japan (JGB)	-0.04	-0.02
Germany (Bund)	-0.59	-0.18

Global Markets	30-Apr-20	31-Dec-19
Dow Jones	24,345	28,538
Dax	10,861	13,249
CAC	4,572	5,978
Nikkei 225	19,619	23,656
Shanghai	2,860	3,050
Sensex	33,717	41,253
Nifty 50	9,859	12,168

Contact

Richard Bonnor-Moris
rbm@riverscm.com

Eduardo Tomacelli
etomacelli@riverscm.com

Najib El-Rayyes
ner@riverscm.com

Rivers Capital Management

27 Gloucester Place

London

W1U 8HU

Tel. +44 (0)20 3383 0180

For further information or enquires, professional advisors please contact the investment team directly on **020 3383 0180** or by emailing **info@riverscm.com**

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